



Technology Square

Georgia Tech President G. Wayne Clough
Georgia Tech Foundation
June 1, 2001

A Little History

- 1995: Georgia Tech Strategic Plan
Federal Reserve Bank announces new headquarters, 10th and Peachtree
- 1996: GT Capital Plan; Olympic Games
- 1997: Campus Master Plan
GTF purchases land around Fifth Street
- 1998: Jim Borders begins Biltmore renovation
Feasibility study for Fifth Street property
Conceptualization begins with cont ed,
hotel/conference center, exec ed center

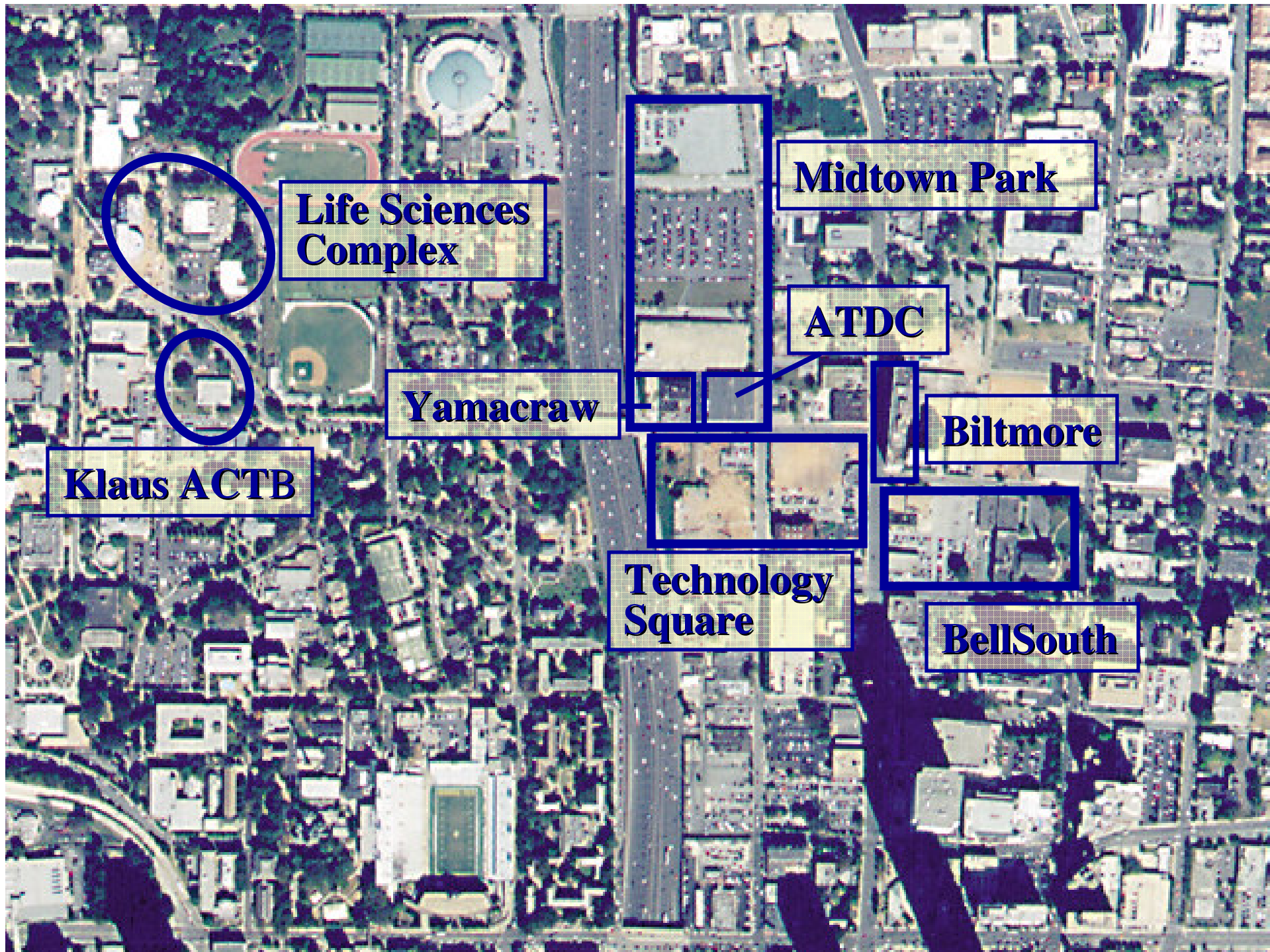
A Little History (cont)

- 1999: GTF receives feasibility study, creates Gossage committee
BellSouth announces W Peachtree expansion
Crawford Long Hospital redevelopment/ expansion approved
Dr. Clough briefs Board of Regents
- 2000: College of Management, EDI, interdisciplinary centers added to plan
Yamacraw Design Center announced
Gossage committee reports; GTF authorizes design and development
Developer, architect, contractor selected
2nd Clough briefing of Board of Regents

A Little History (cont)

→2001: Technology Square - *Atlanta Business Chronicle's* Best Mixed Use Project
Board of Regents approves leases for
Technology Square, Yamacraw
Technology Square - Catalyst Award
Meeting with Governor Barnes
GT Foundation Sea Island Meeting





**Life Sciences
Complex**

Midtown Park

ATDC

Yamacraw

Biltmore

Klaus ACTB

**Technology
Square**

BellSouth

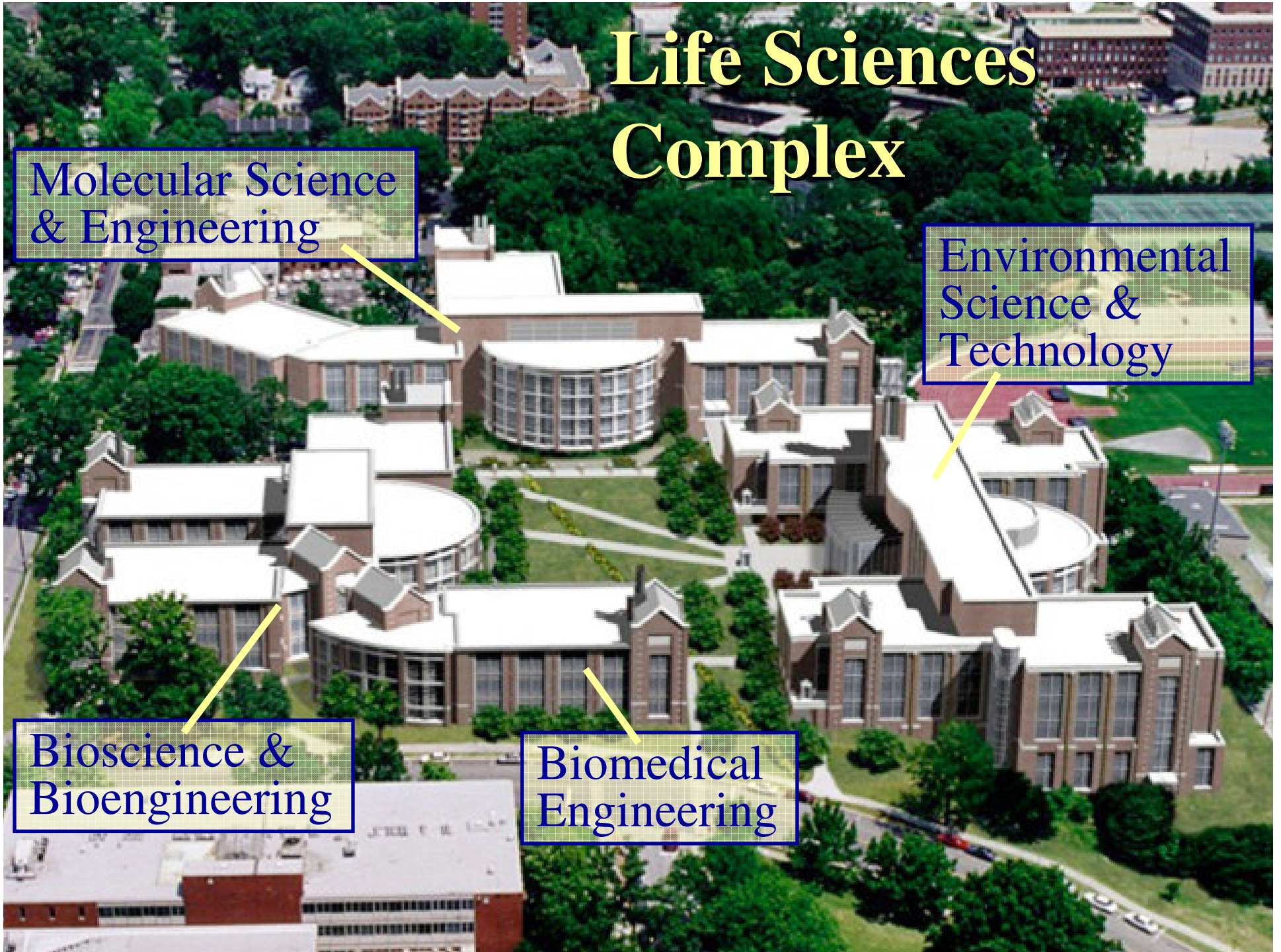
Life Sciences Complex

Molecular Science
& Engineering

Environmental
Science &
Technology

Bioscience &
Bioengineering

Biomedical
Engineering



Klaus Advanced Computing Technology Building

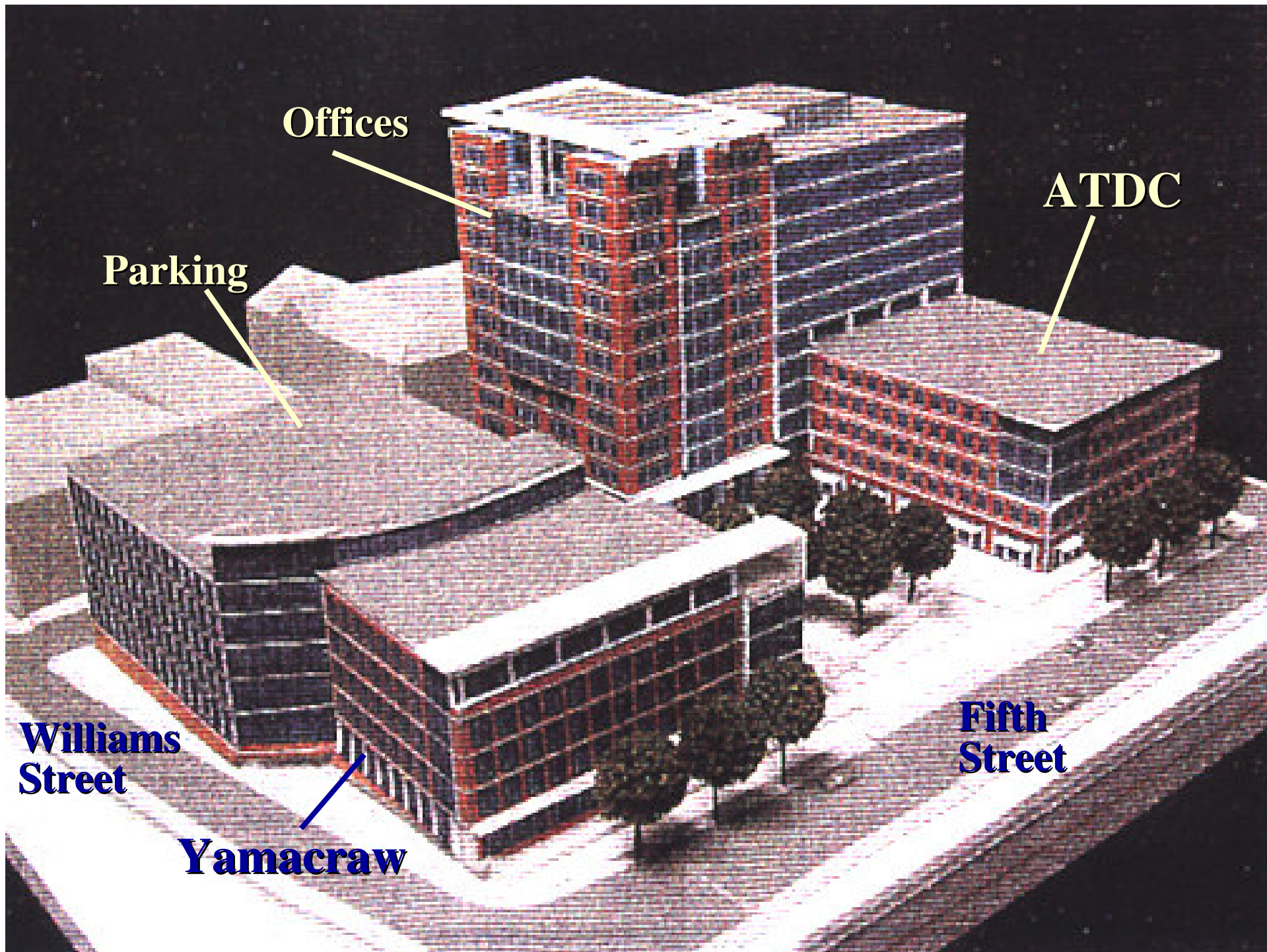


Midtown Park



Midtown Park

- 15-acre site between Williams and Spring from Fifth Street north to Peachtree Place (former Coca-Cola bottling plant site)
- Yamacraw Design Center, GT Advanced Technology Development Center on north side of Fifth Street
- Office, residential, retail space developed by University Financing Foundation



Offices

Parking

ATDC

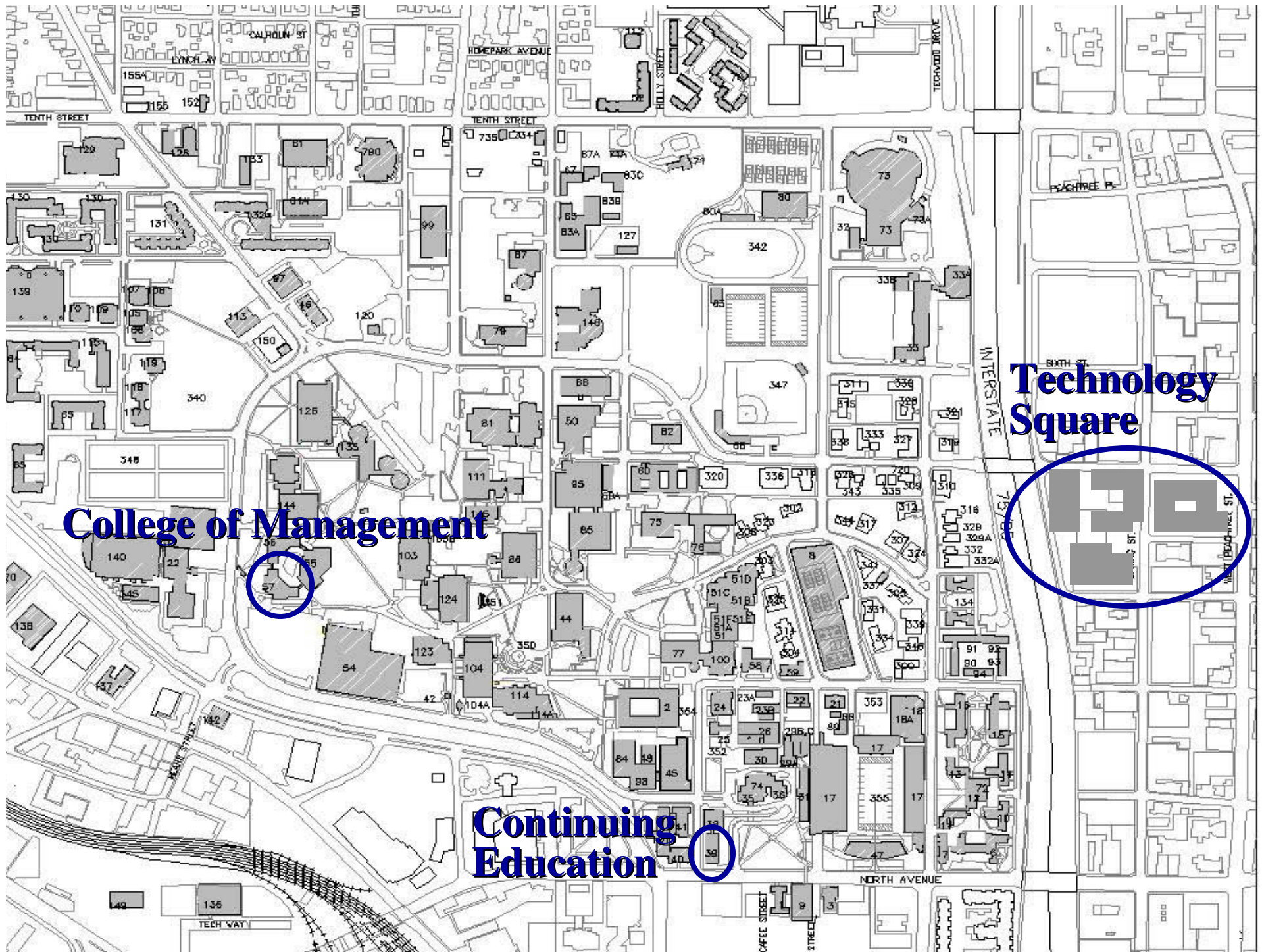
**Williams
Street**

Yamacraw

**Fifth
Street**

Status of Midtown Park

- Yamacraw building approved by BOR and Governor; financing plan set. 200,000 sq ft.
- ATDC building funding set. Agreement for LOC in place. \$5 million gift from unnamed foundation in place for land costs.
- Spec office building still in negotiation.
- Project groundbreaking before fall.



College of Management

Continuing Education

Technology Square

Management College Today

- Approximately 50,000 sq ft; one classroom for executive education program
- Building inside traditional campus boundaries
- Executive education - \$3.5 million
- Substantial increase in applications at undergraduate level
- Approximately 50 faculty

Momentum Building in Management

- Energetic leadership of Dean Terry Blum
- Top tier in *Business Week* survey, up from third tier (11th among public universities)
- #35 in *US News & World Report*, up from #42
- Full accreditation from AACSB
- Extensive involvement of the business community in developing strategic plan
- 15 new academic faculty from Yale, Michigan, UCLA, Cornell, Univ of Chicago, UNC

Management Tomorrow

- 2003 – move to new building in Technology Square
- MBA program
- Executive education at \$5-6 million
- 60 or more faculty
- Enhanced relationship with Atlanta business community, especially high-tech sector
- On way to top 20 status

Continuing Ed, Distance Learning Today

→ Continuing Education

- Program: less than 40,000 CEUs in 93-94
over 60,000 CEUs in 00-01
- Revenue: \$4.3 million in 93-94
\$13.7 million in 00-01

→ Distance Learning

- Program: 670 enrollment in 93-94*
961 enrollment in 00-01
- Revenue: \$513,231 in 93-94
\$1.13 million in 00-01

*Converted to semester equivalent

Continuing Ed, Distance Learning Today

- Operated from Swann Building
- Uses 22 hotels
- Lease space in Colony Square
- Hodge-podge of renovated rooms for distance ed; total of 8

New Realities for Lifelong Learning

- Lifelong learning will play a more strategic role in workforce and economic development.
- Accessibility and affordability of lifelong learning for under-represented groups will increase in importance.
- Strong partnerships will be critical to the success of lifelong learning providers.

New Realities for Lifelong Learning

- Global distance learning coalitions being formed; U21; world-wide target markets
- Follow GT alums with continuing ed programs
- Fill market niche for technology in Atlanta area to match market growth
- Facilities needed to match
- Profit margins are strong

Cont Ed, Distance Learning Tomorrow

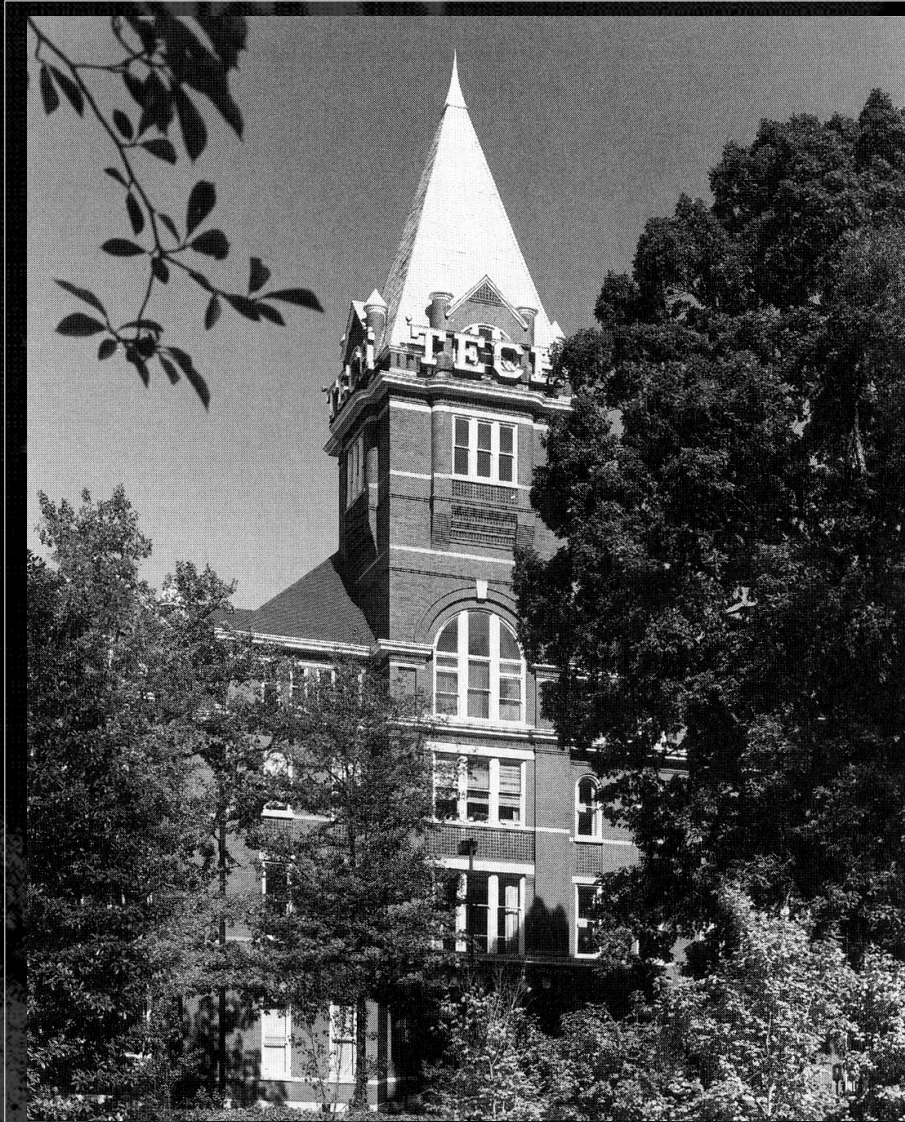
- 2003 – Global Learning Center
- GT state formula support equalized
- 73,000 CEUs
- Revenues increase from program growth and formula support equalization
- Georgia Tech in one or more established global learning coalitions
- In collaboration with Alumni Assn offering new suite of courses to serve Tech alumni

Role of Outreach and Interdisciplinary Centers Expanding

- Economic Development Institute
- Advanced Technology Development Center
- Center for Quality Growth and Regional Development
- Interdisciplinary Institute

Adding Synergistic Pieces to Complete the Picture

- Hotel and Conference Center
- Georgia Tech Bookstore
- Light retail, restaurant
- Parking

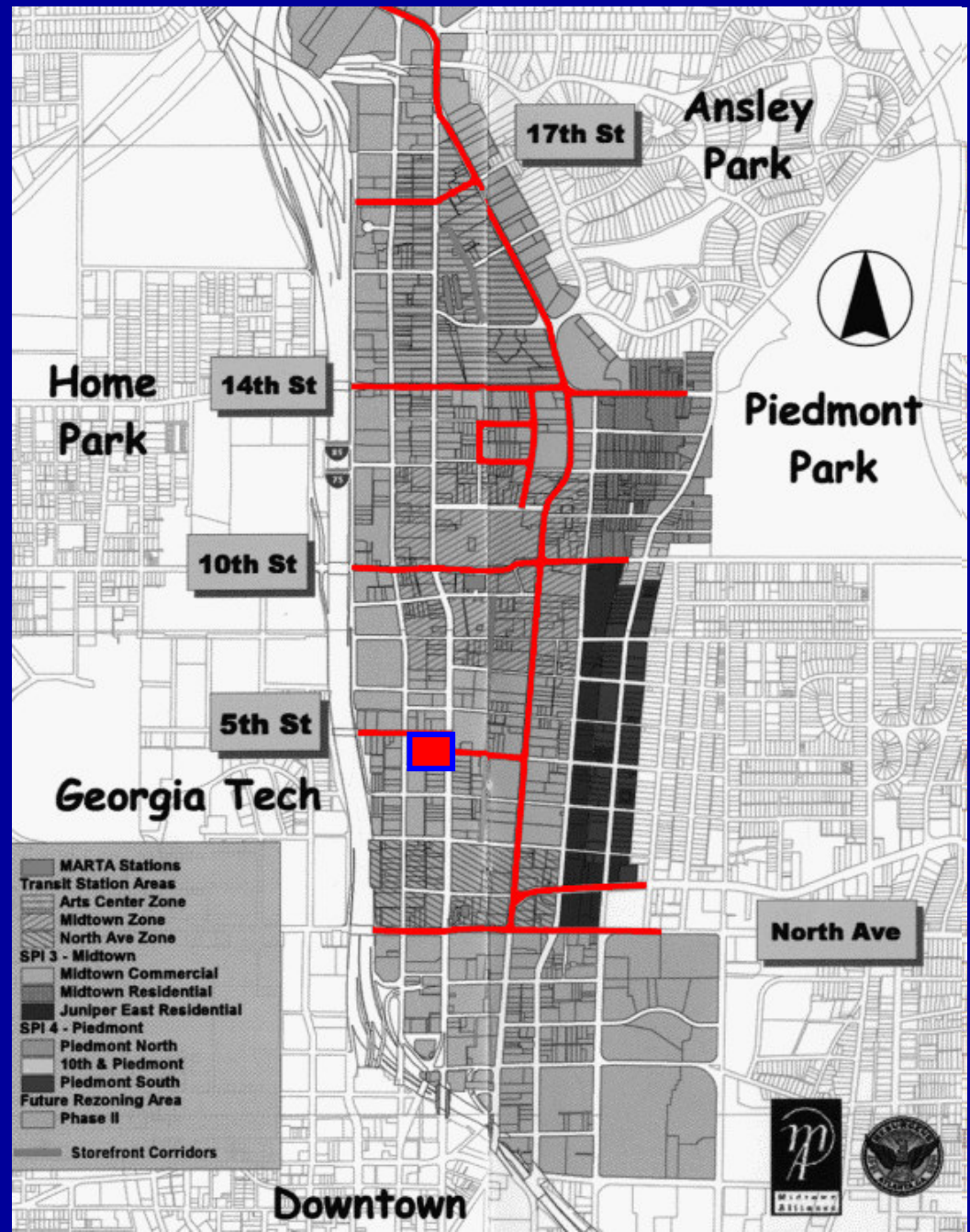


Technology Square

**Georgia Institute of
Technology**



MIDTOWN ALLIANCE



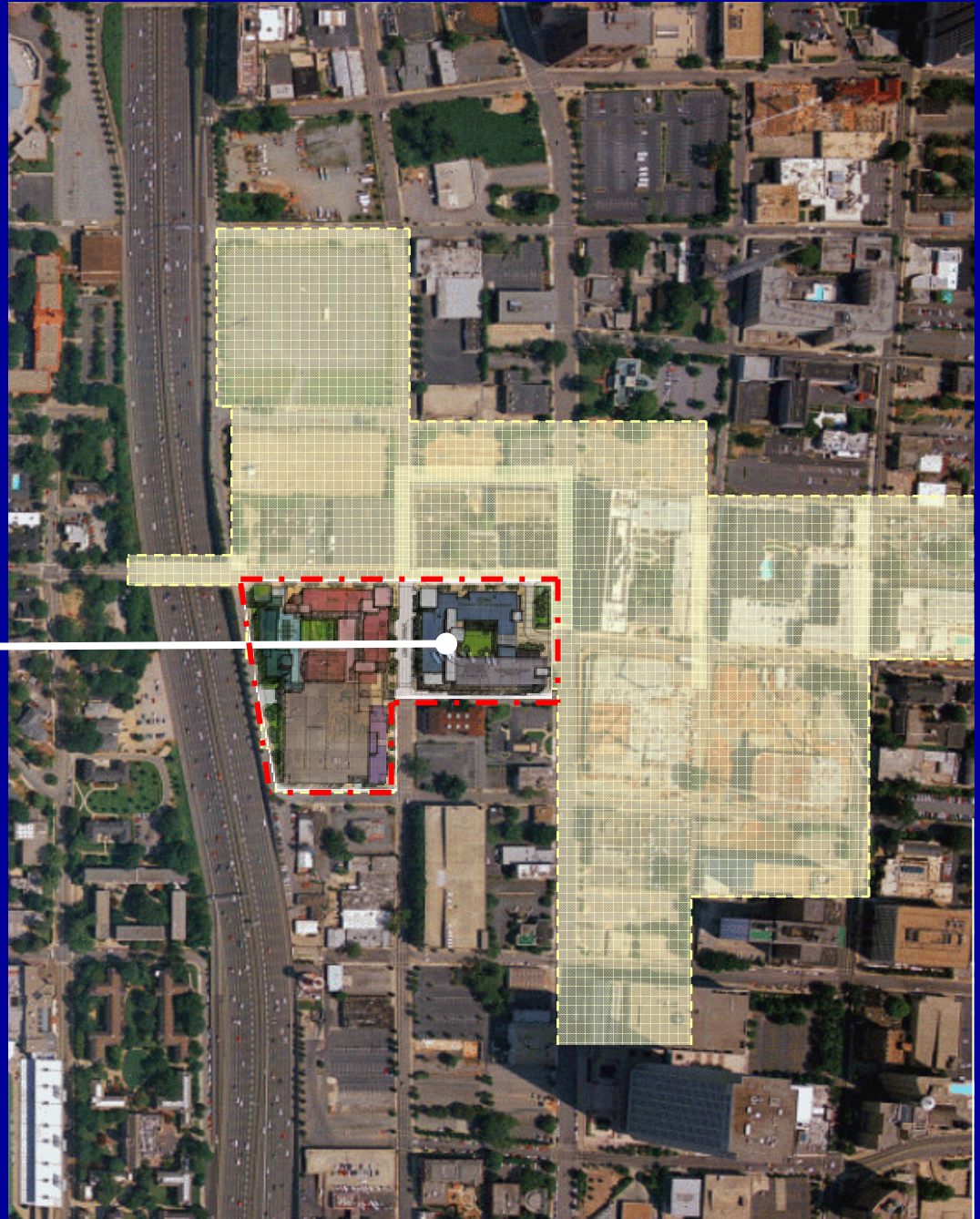


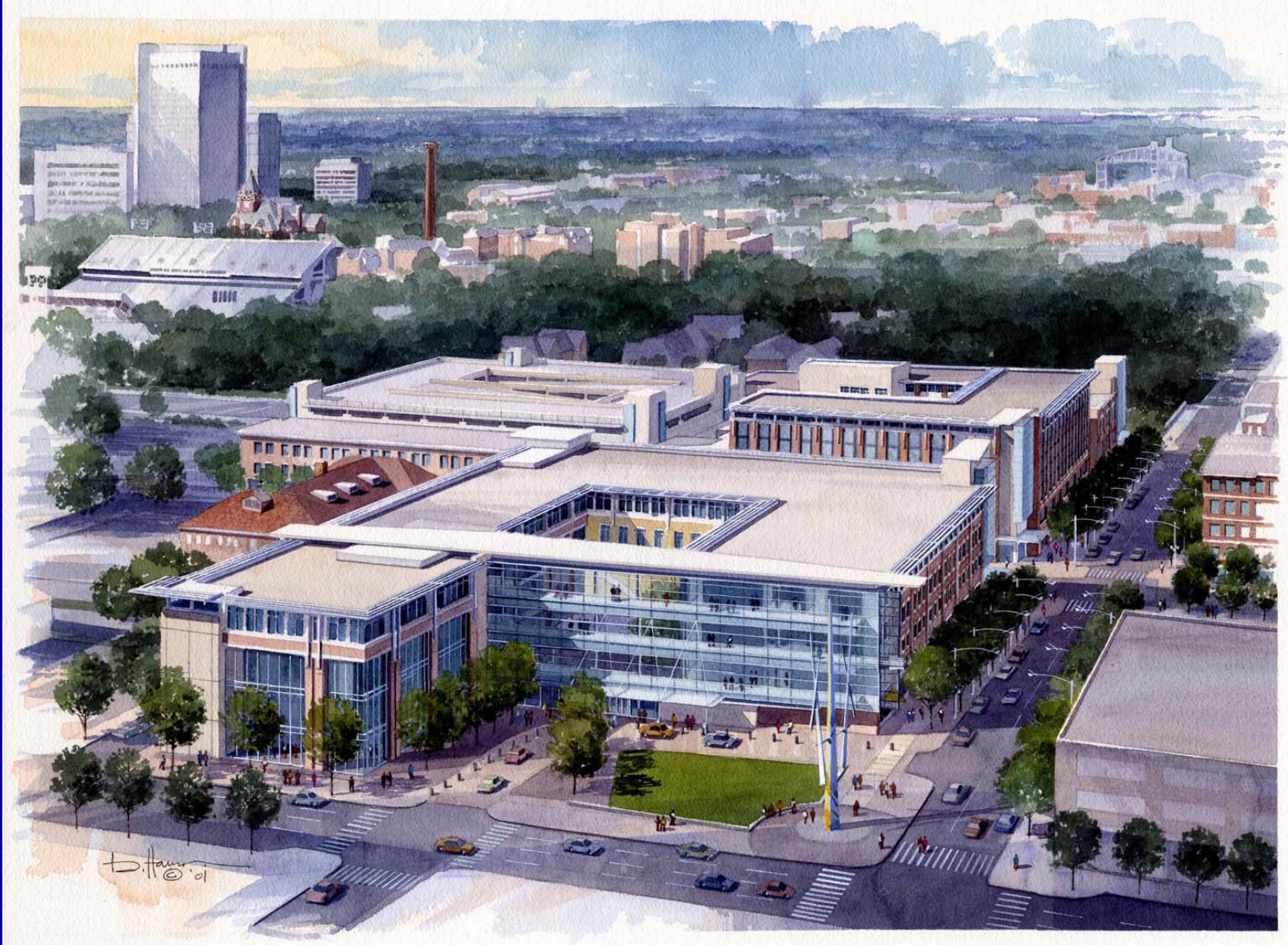
CRUM & FOSTER BUILDING 1927

REVITALIZATION OF MIDTOWN

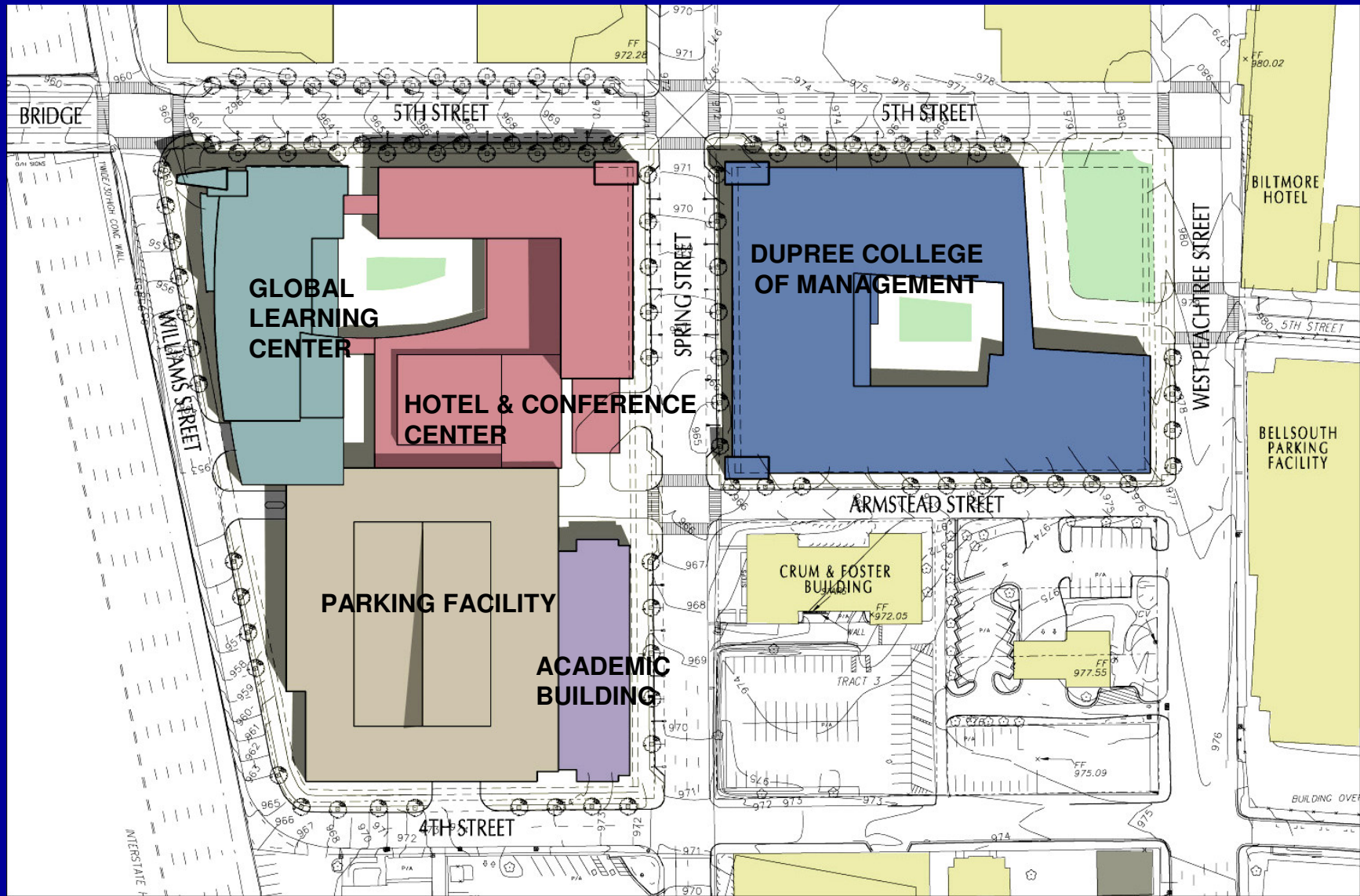


BILTMORE HOTEL 1924

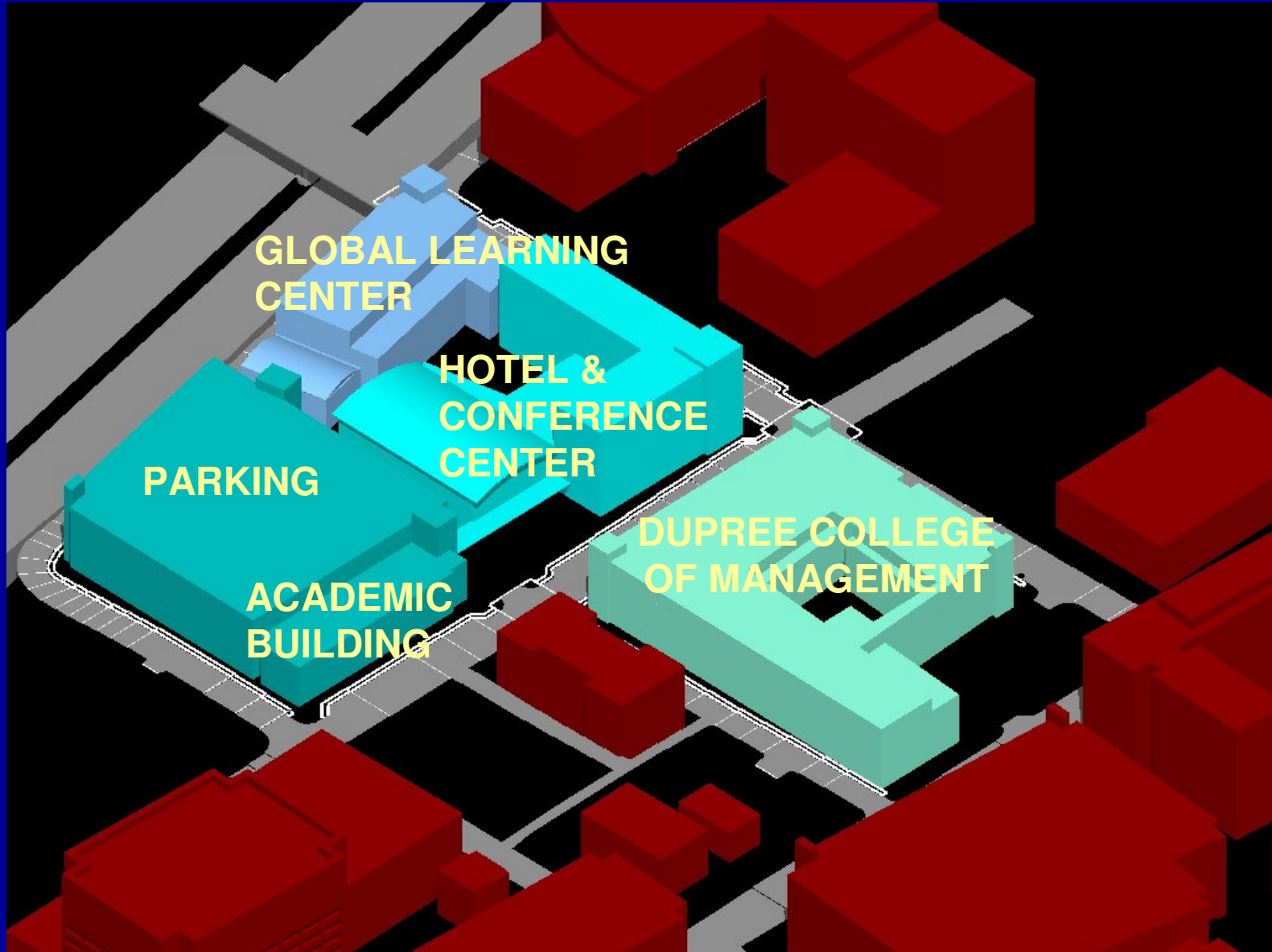




TECHNOLOGY SQUARE



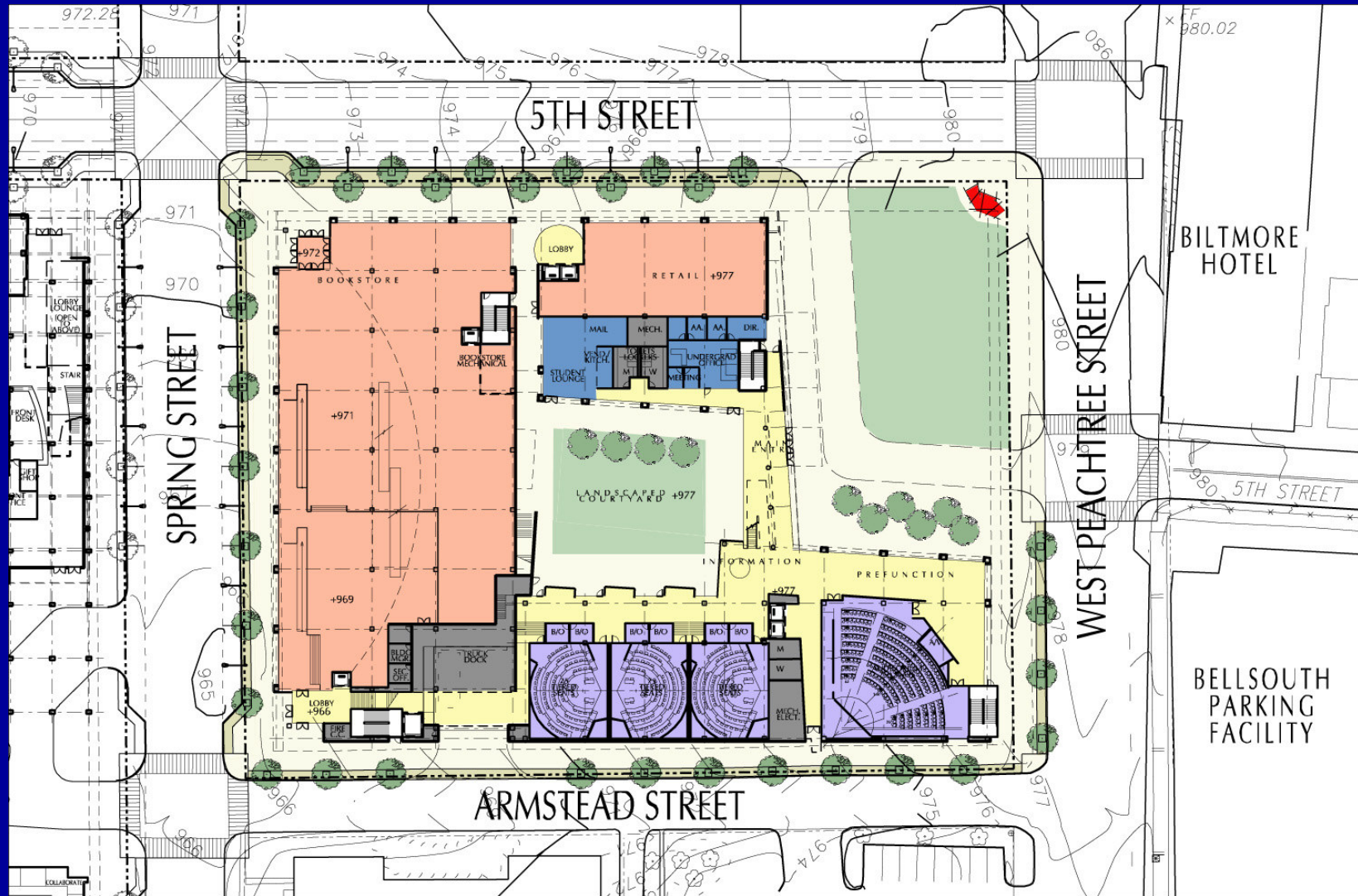
TECHNOLOGY SQUARE



TECHNOLOGY SQUARE



TECHNOLOGY SQUARE



DUPREE COLLEGE OF MANAGEMENT

GROUND LEVEL

DUPREE COLLEGE OF MANAGEMENT

SECOND LEVEL

DUPREE COLLEGE OF MANAGEMENT

THIRD LEVEL

DUPREE COLLEGE OF MANAGEMENT

FOURTH LEVEL

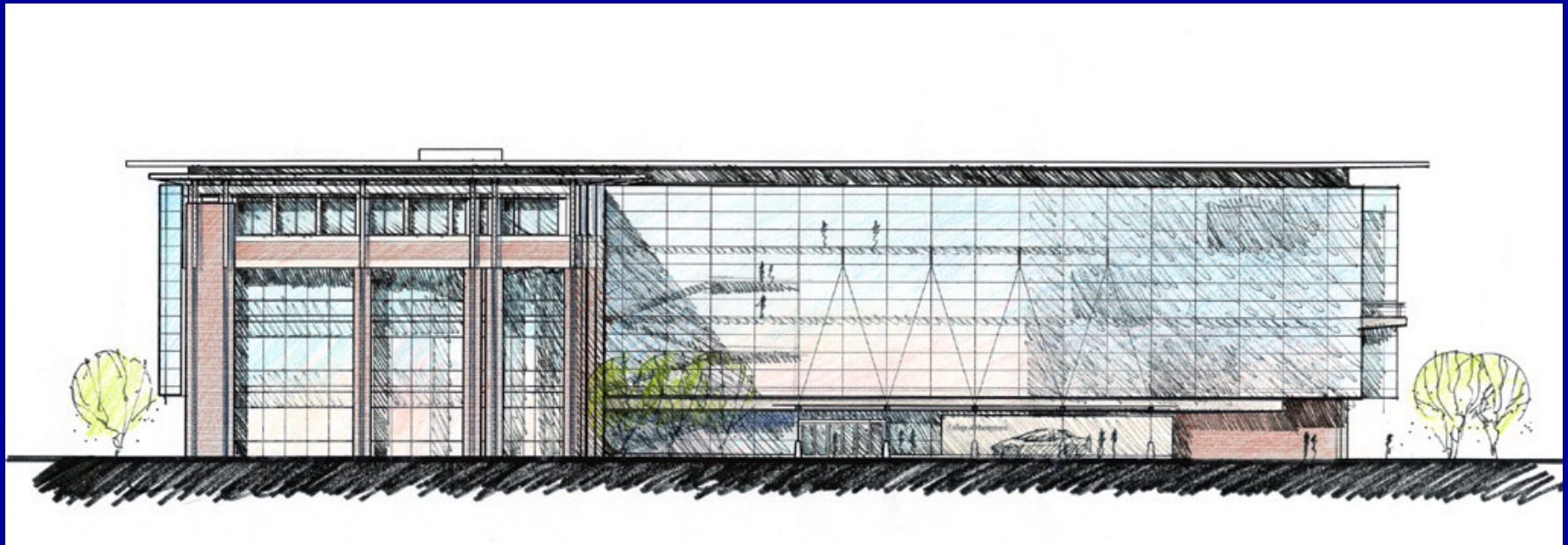


COURTYARD SECTION



BRIDGE SECTION

DUPREE COLLEGE OF MANAGEMENT



WEST PEACHTREE STREET ELEVATION



DUPREE COLLEGE OF MANAGEMENT

FIFTH STREET ELEVATION



TECHNOLOGY SQUARE



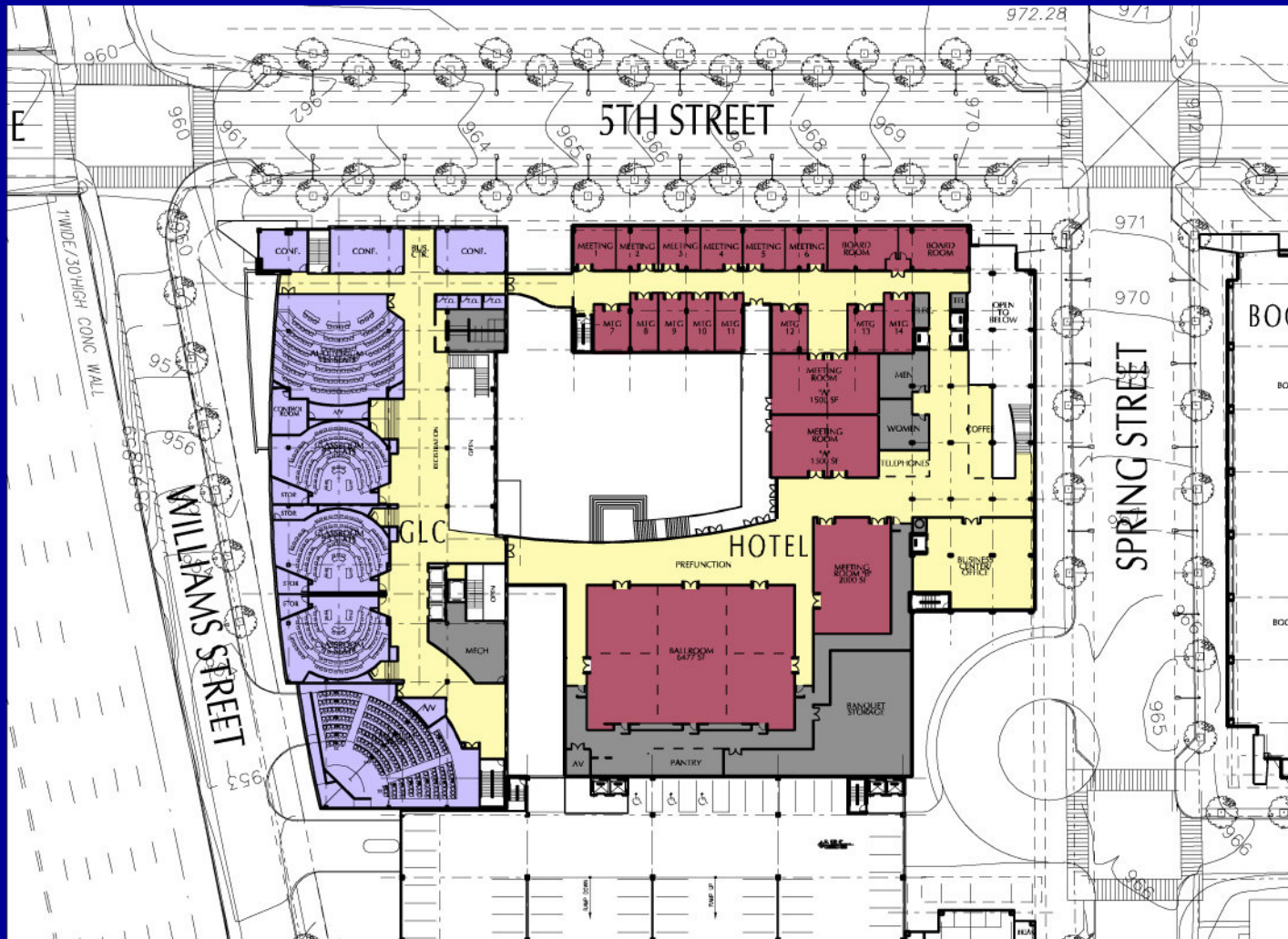
TECHNOLOGY SQUARE





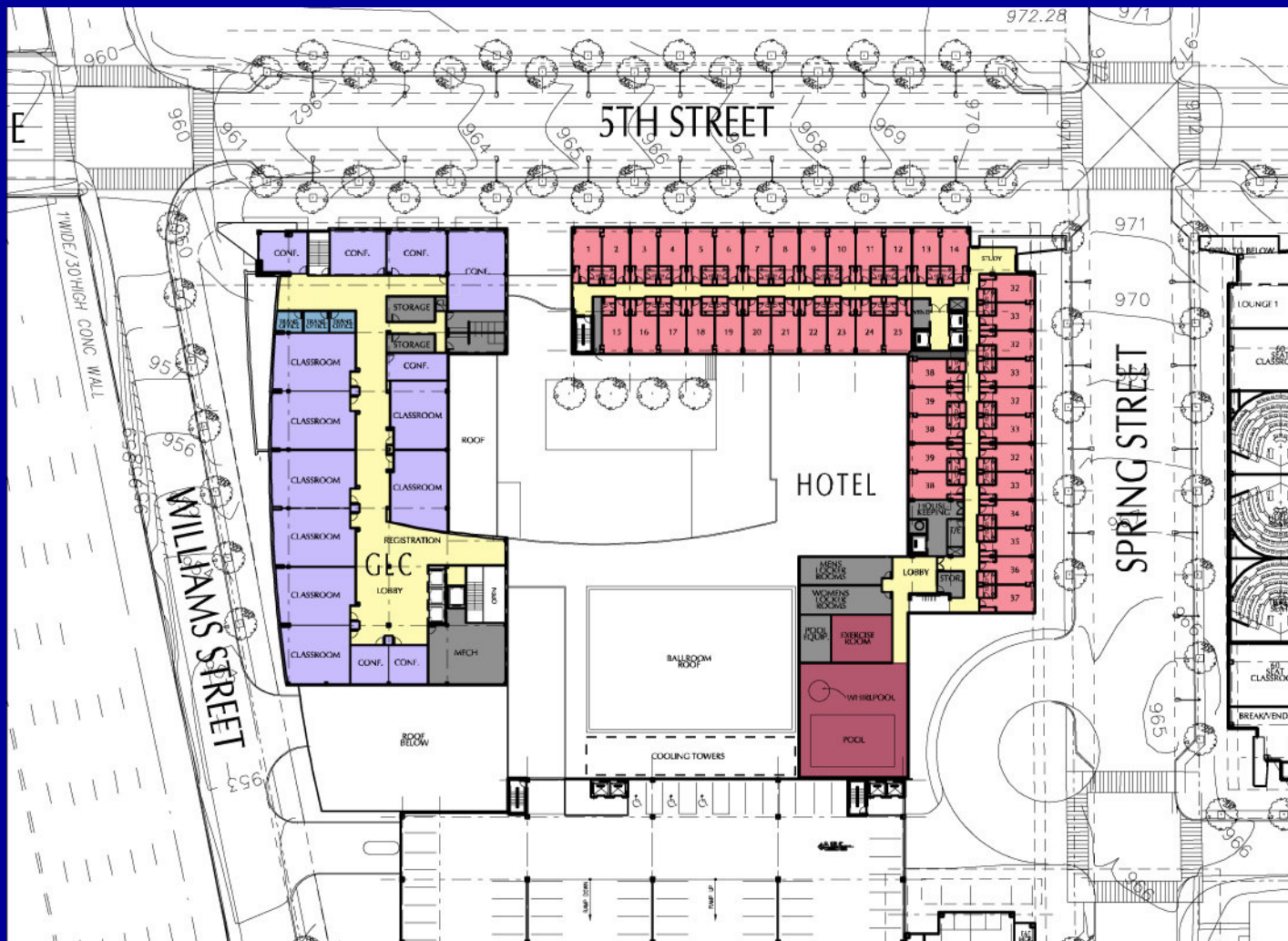
GLOBAL LEARNING CENTER
HOTEL & CONFERENCE CENTER

GROUND LEVEL



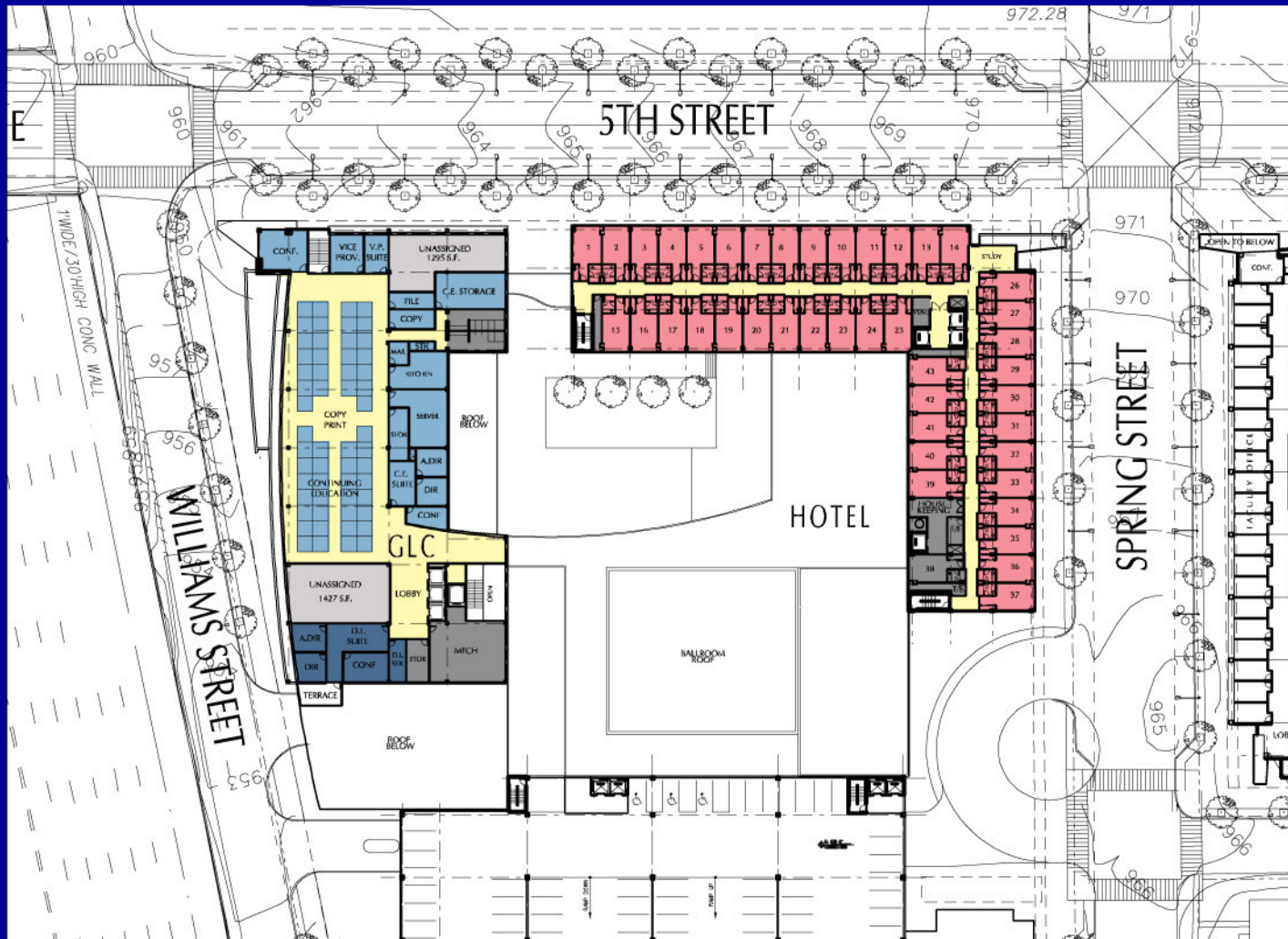
GLOBAL LEARNING CENTER
HOTEL & CONFERENCE CENTER

SECOND LEVEL



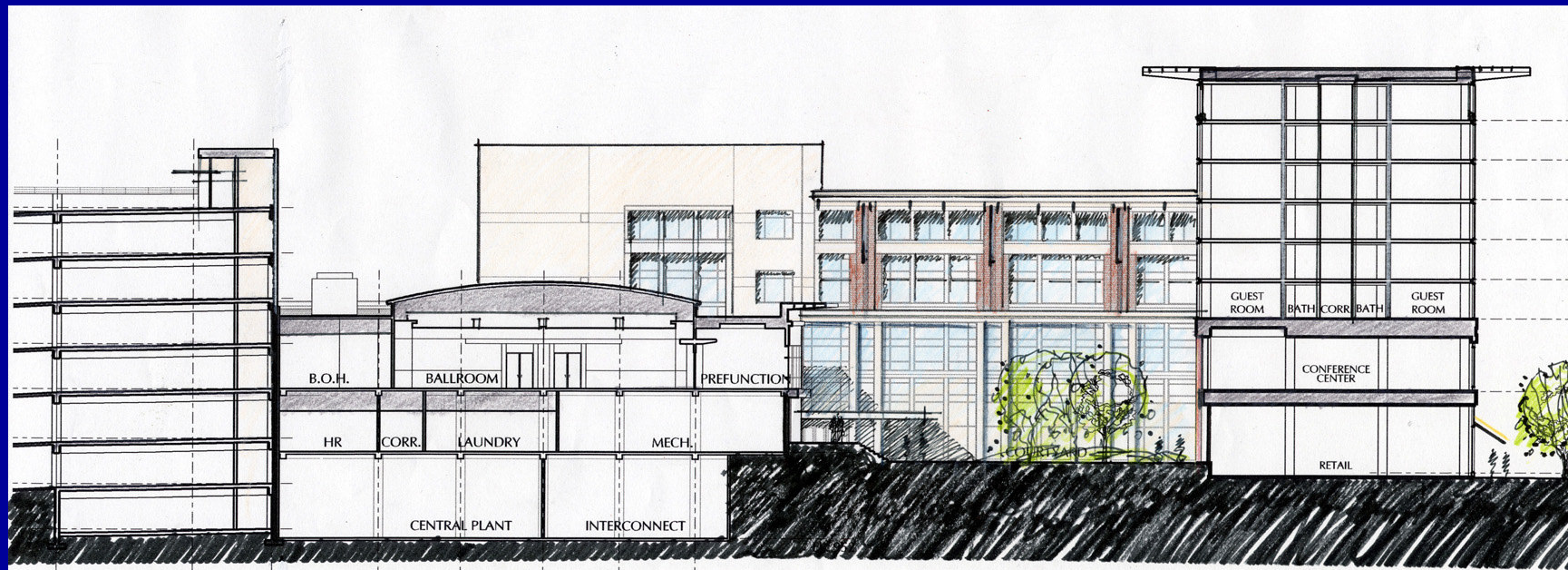
GLOBAL LEARNING CENTER
HOTEL & CONFERENCE CENTER

THIRD LEVEL



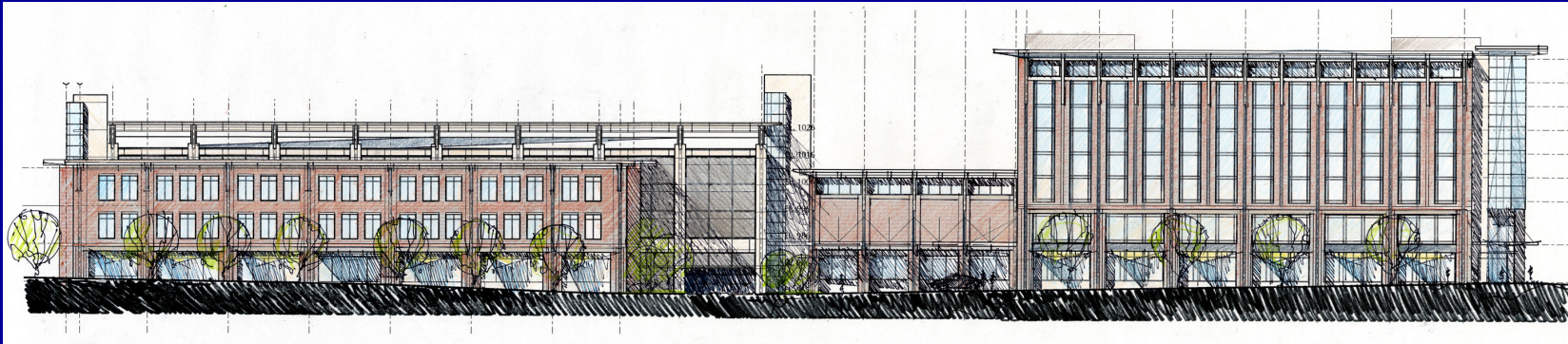
GLOBAL LEARNING CENTER
HOTEL & CONFERENCE CENTER

FOURTH LEVEL

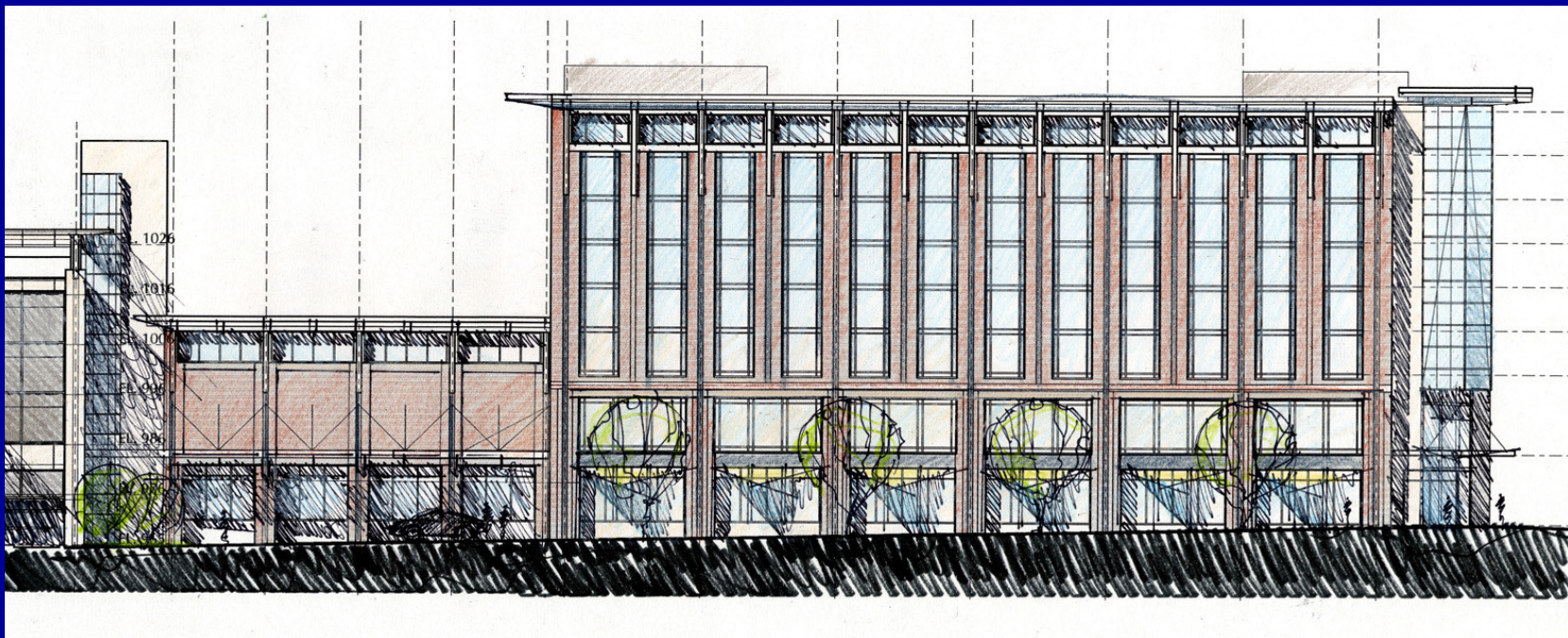


COURTYARD SECTION

**GLOBAL LEARNING CENTER
HOTEL & CONFERENCE CENTER**



SPRING STREET ELEVATION

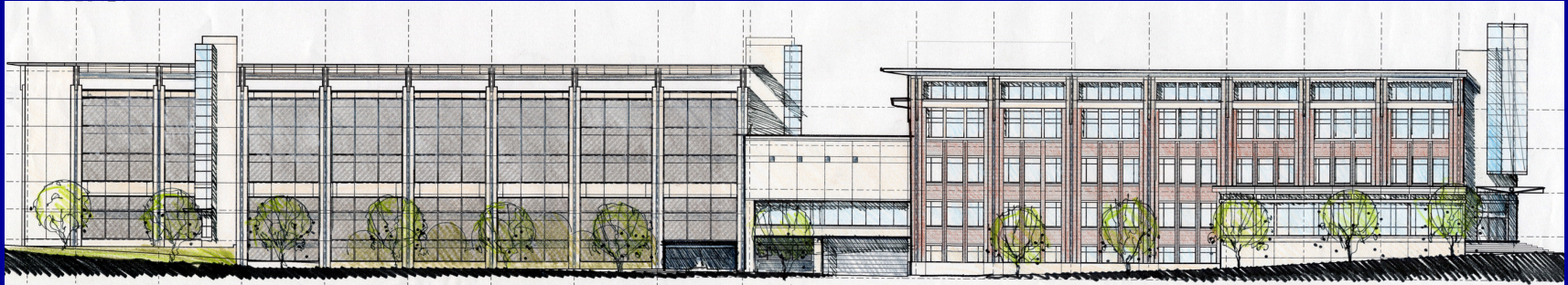


**GLOBAL LEARNING CENTER
HOTEL & CONFERENCE CENTER**



FIFTH STREET ELEVATION

**GLOBAL LEARNING CENTER
HOTEL & CONFERENCE CENTER**



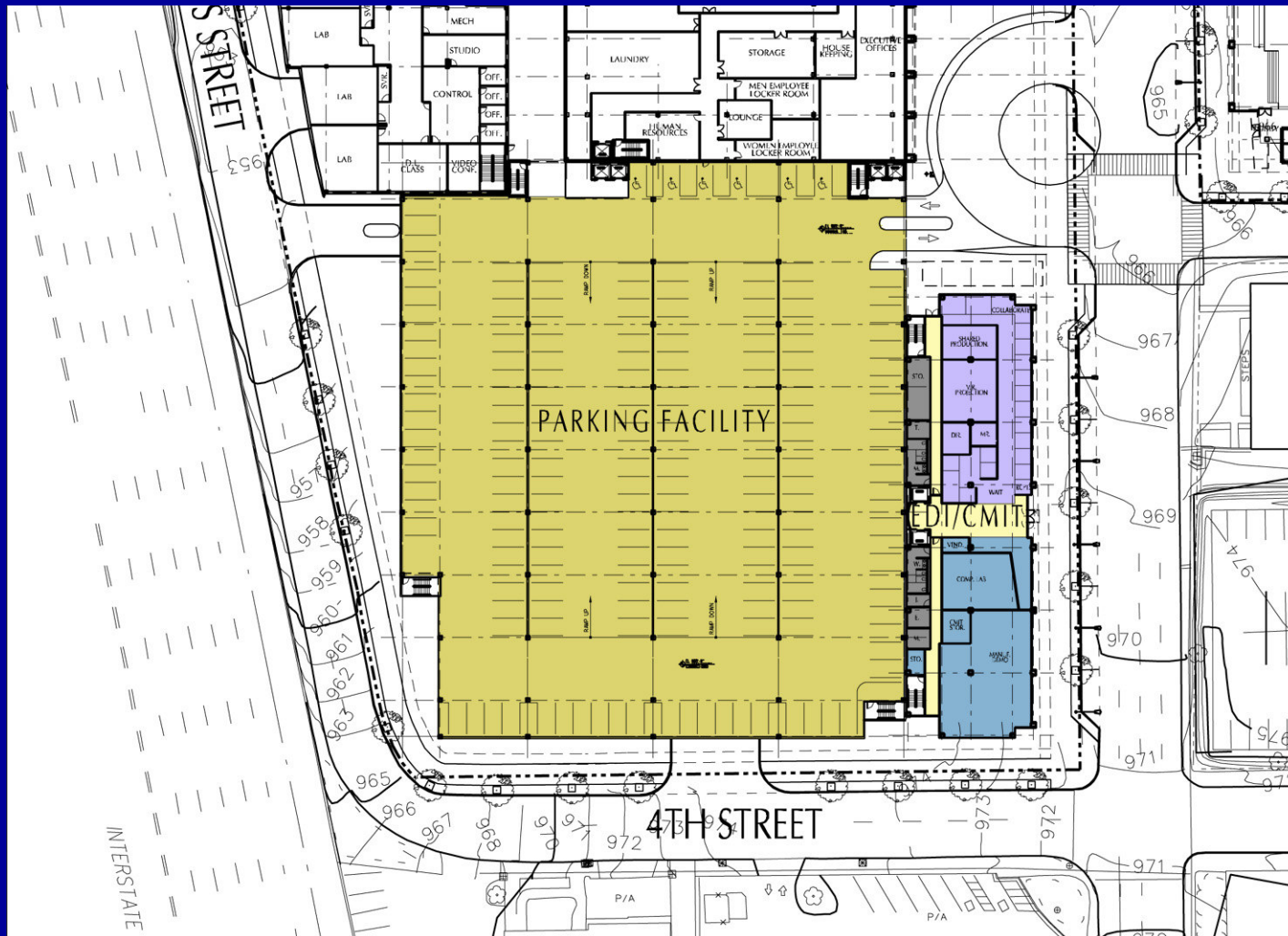
WILLIAMS STREET ELEVATION



**GLOBAL LEARNING CENTER
HOTEL & CONFERENCE CENTER**

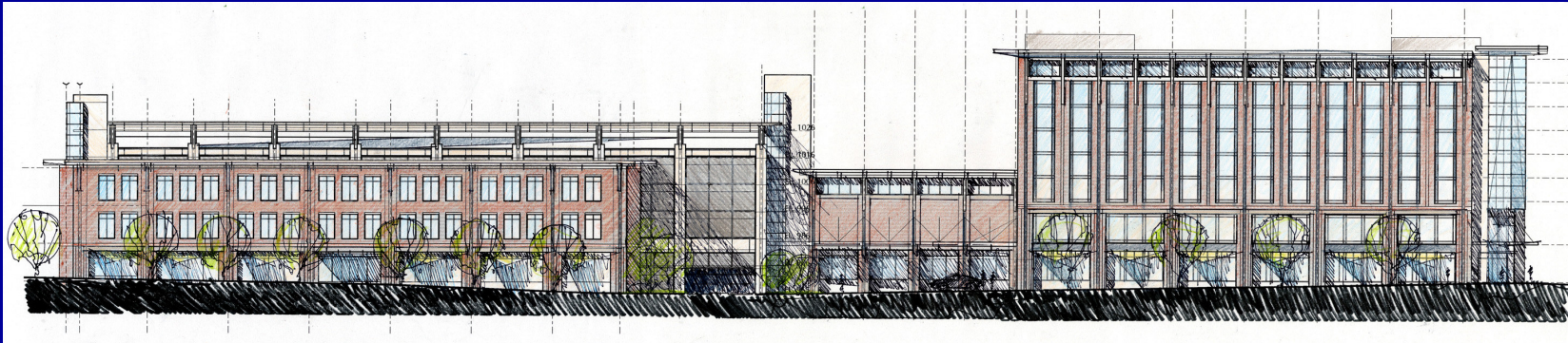


TECHNOLOGY SQUARE



**EDI & CMIT ACADEMIC BUILDING
PARKING FACILITY**

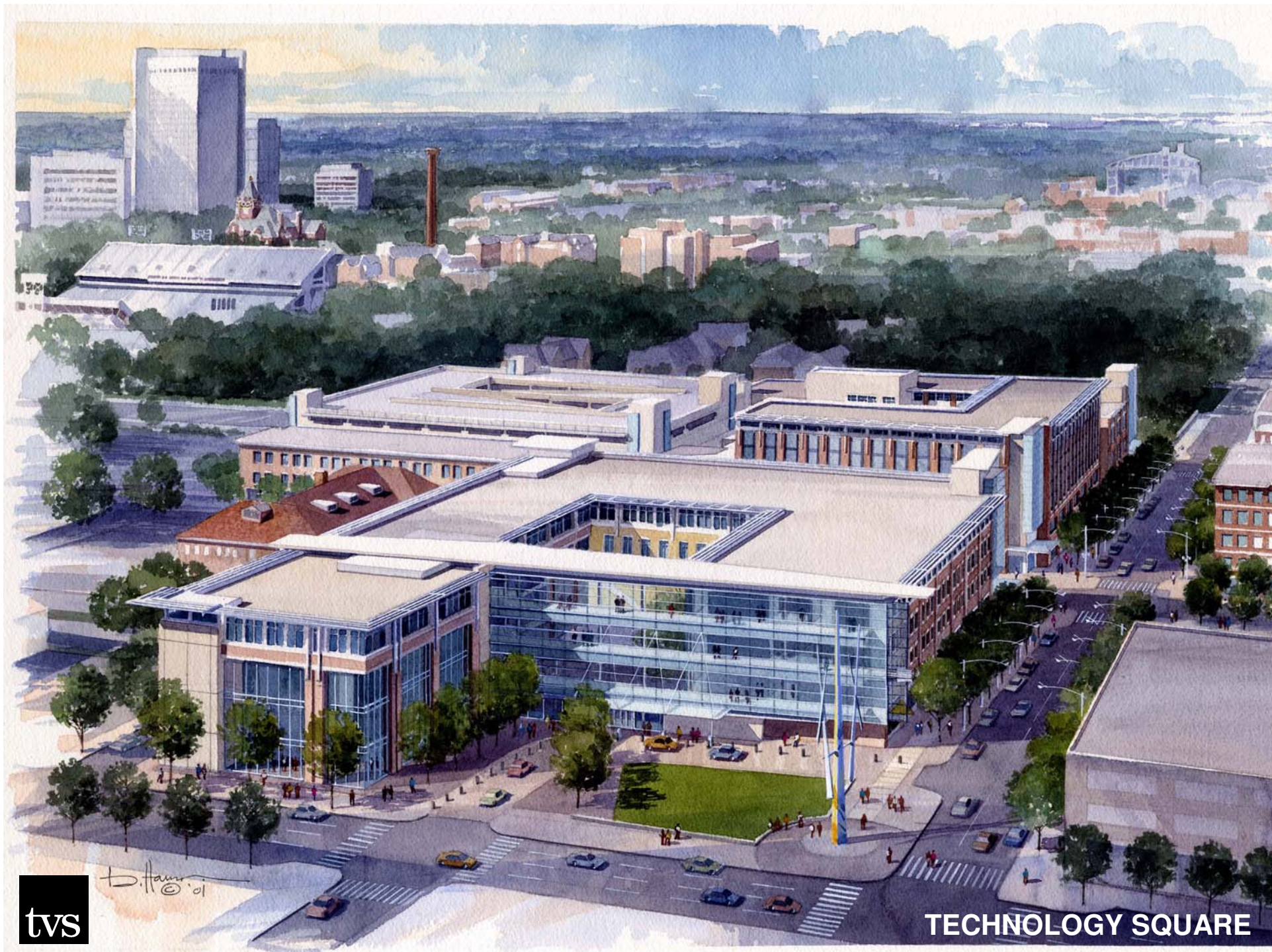
GROUND LEVEL



SPRING STREET ELEVATION



**EDI & CMIT ACADEMIC BUILDING
PARKING FACILITY**



tvS

D. H. 01

TECHNOLOGY SQUARE

2001

GTF

July

Groundbreaking
Ceremony

June

Design complete
Bond issue starts

Sept 6

Management
Complex complete

2003 / 2001

Bond issue complete
Construction begins

April

October

Parking
complete

June

Hotel, Global Learning
Center complete

August

May

Bookstore
complete

July

**SCHOOL
BEGINS!**

Technology Square

Project Financial Parameters

- Buildings leased annually to GT (20-30 year terms)
- Ownership gifted to GT/BOR at end of terms
- Annual lease payments include major renewal and replacement (MRR) reserve payments
- Building operating costs separately funded in GT budget
- Program operating costs funded from GT budget/program revenues

Project Financial Parameters (cont)

- Educational elements funded with tax-exempt bonds
- “Commercial” elements funded with taxable bonds
- Hotel owned by a GTFFC for-profit entity
- Land purchased

Technology Square

Bond Assumptions

- RFP for financial advisor & underwriter(s)
June 2001
- Bonds to be sold summer 2001
- Bonds of \$192.1 m including:
 - Project fund of \$173.4 m
 - Capitalized interest of \$15.1 m
 - Issuance costs of \$1.4 m (\$7.50/\$1,000)
 - OID of \$2.2 m
- Level debt service
- Interest paid Nov. 1 and April 1
- First principal payment Nov. 1, 2003

Technology Square

Bond Summary (\$ in millions)

<u>Project Component</u>	<u>Project Fund</u>	<u>Bond Size (\$)</u>	<u>Bond Term (Years)</u>	<u>Bond Type</u>	<u>Annual Debt Service</u>
Mgmt. Complex	\$ 52,422	\$ 57,030	30	Tax-Exempt	\$ 3,748
GLC	31,207	33,780	30	Tax-Exempt	2,200
EDI/CQG	9,715	10,540	30	Tax-Exempt	694
Parking Deck	15,538	17,185	30	75% Tax-Exempt	1,129
	5,179	6,015	30	25% Taxable	506
Bookstore	11,329	12,800	20	Taxable	1,249
Aux. Retail	3,269	4,055	20	Taxable	407
<hr/>					
Sub-total	\$128,660	\$141,405			\$ 9,933
Hotel & Conf Ctr	44,728	50,750			4,268
<hr/>					
Total	\$173,388	\$192,155			\$14,201

Project Budget

PROJECT BUDGET	COM	GLC	EDI/CQG	Parking	Bookstore	Auxiliary	Hotel, CC	Total
1 CONSTRUCTION	35,442,773	18,491,259	6,195,784	14,544,956	6,875,704	2,351,466	28,266,348	112,168,290
2 FF&E	5,486,810	5,957,136	1,247,710	422,935	2,000,599	2,683	5,980,908	21,098,781
Total Hard Cost + FF&E	40,929,583	24,448,395	7,443,494	14,967,891	8,876,303	2,354,149	34,247,256	133,267,071
3 SOFT COST	5,756,494	3,489,158	1,091,750	2,125,108	1,250,925	630,004	7,072,036	21,415,475
4 OWNER'S CONTINGENCY	1,964,324	1,207,598	344,862	553,310	319,781	134,388	1,030,865	5,555,127
5 TOTAL PROJECT COST	48,650,401	29,145,150	8,880,106	17,646,309	10,447,010	3,118,541	42,350,157	160,237,674
6 COST OF LAND	4,013,359	2,185,847	888,742	3,268,097	938,622	160,418	2,544,915	14,000,000
7 TOTAL PROJECT COST W/LAND	52,663,760	31,330,997	9,768,848	20,914,406	11,385,632	3,278,959	44,895,072	174,237,674

FUNDING SOURCES								
Project Funds - Bonds	52,421,850	31,207,237	9,715,298	20,717,376	11,329,022	3,269,269	44,727,622	173,387,674
DOT Enhancement Funds	241,910	123,760	53,550	197,030	56,610	9,690	167,450	850,000
TOTAL PROJECT FUNDS	52,663,760	31,330,997	9,768,848	20,914,406	11,385,632	3,278,959	44,895,072	174,237,674

Technology Square

College of Management Complex

- Building program/project 188,872 GSF
 - College of Management
 - Executive Education Center
 - Interdisciplinary Institute
- Project budget \$52.4 m
 - 30-yr fixed rate tax-exempt callable bonds \$57.0 m
 - Annual debt service/MRR payment \$ 3.9 m

Technology Square

College of Management Complex

- GT annual lease funding sources:
 - Gifts: \$45 million
 - Executive education program revenue
 - GT annual budget
- GT annual lease funding contingency:
 - Annual budget/reserves

Management Complex

Gift Receipt Schedule

	<u>Pro-forma Goal</u>	<u>Gifts In Hand</u>
6/30/01	\$ 3,300,000	\$ 3,260,000
6/30/02	8,000,000	2,920,000
6/30/03	6,000,000	2,720,000
6/30/04	5,500,000	2,720,000
6/30/05	5,000,000	2,720,000
6/30/06	4,000,000	520,000
6/30/07	2,000,000	120,000
6/30/08	500,000	120,000
6/30/09	<u>100,000</u>	<u>90,000</u>
Total	\$34,400,000	\$ 15,190,000

Note: Two Charitable Remainder Trusts of \$400,000 and \$5,000,000 are also available in future years with estimated value of \$10.6 million.

Management Complex

Pro-Forma Extract (\$ in millions)

FY	Balance A	Gifts + B	Investment Earnings @8% + C	GT Payments + D	Debt & MRR - E	Balance =
2001		\$ 3.3				\$ 3.3
2002	3.3	8.0	0.3			11.6
2003	11.6	6.0	0.9			18.5
2004	18.5	5.5	1.4	0.7	(3.3)	22.8
2005	22.8	5.0	1.8	0.7	(3.9)	26.4
2006	26.4	4.0	2.1	0.7	(3.9)	29.3
2007	29.3	2.0	2.1	0.7	(3.9)	30.2
2008	30.2	0.5	2.3	0.7	(3.9)	29.8
2009	29.8	0.1	2.4	0.7	(3.9)	29.1
2014	24.8	-	2.0	0.7	(3.9)	23.6
2019	18.1		1.4	0.7	(3.9)	16.3
2032	3.1		0.2	0.7	(3.9)	0.1

Balances reflect CRT receipts in later years

MRR @ 5% of debt service

Management Complex

GT Payment Sources Extract (\$ in millions)

<u>FY</u>	<u>Mgt Exec Education</u>			<u>GT</u>
	Revenue	Pgm. Net	Debt Service/MMR	Central Budget
2000	\$ 3.4	\$ 0.5	\$ --	\$ --
2001	3.5	0.5		
2002	4.1	0.5		
2003	4.6	0.4		
New Facilities				
2004	5.3	1.0	0.0	0.7
2005	5.7	1.0	0.1	0.6
2006	5.9	1.1	0.1	0.6
2007	6.0	1.1	0.1	0.6
2008	6.1	1.1	0.2	0.5
2009	6.3	1.3	0.2	0.5
2014	7.3	1.5	0.4	0.3
2019	8.4	1.7	0.6	0.2
2032	11.2	2.2	0.7	0.0

* 10% of incremental revenue dedicated to debt service and MRR through year 10; 15% until full coverage met.

Management Complex

Impact of Earlier Gifts Pro-Forma

(\$ in millions)

FY	Balance A	Gifts + B	Investment Earnings @8% + C	GT Payments + D	Debt & MRR* - E	Balance =
2001		\$ 3.3				\$ 3.3
2002	3.3	12.0	0.3			15.6
2003	15.6	10.0	1.2			26.8
2004	26.8	8.0	2.0		(3.3)	33.5
2005	33.5	5.0	2.7		(3.9)	37.3
2006	37.3	4.0	2.9	No GT	(3.9)	40.3
2007	40.3	2.7	3.2	payments	(3.9)	42.3
2008	42.3		3.3	required!	(3.9)	41.7
2009	41.7		3.3		(3.9)	41.1
2014	38.3	-	3.0		(3.9)	37.4
2019	33.1		2.6		(3.9)	31.8
2032	5.5	-	0.4		(3.9)	2.0
Total		<u>\$45.0</u>				

*MRR @ 5% of debt service

Technology Square

Global Learning Center

- Building program/project 113,094 GSF
 - Lifelong learning
 - Continuing education
 - Distance learning
 - Outreach
- Project budget \$31.2 m
 - 30-yr fixed rate tax-exempt callable bonds \$33.78 m
 - Annual debt service/MRR payment \$2.3 m

Technology Square

Global Learning Center

- GT annual lease funding sources:
 - GLC program revenues
 - GT annual budget
 - Gifts (opportunity targets)
- GT annual lease funding contingency:
 - Annual budget/reserves

Global Learning Center

Pro-Forma Extract (\$ in thousands)

<u>FY</u>	<u>Sources</u>			<u>Debt serv/MRR</u>
	Gifts	Pgm. Rev.	GT Budget	
2004		\$ 487	\$ 1,549	\$2,036
2005		542	1,790	2,332
2008		816	1,516	2,332
2010		1,042	1,288	2,330
2015		1,602	729	2,331
2020		2,006	323	2,329
2025		2,325	3	2,328
2032		2,331		2,331

A. Program revenues tasked with 2.5% dedicated to debt service and MRR.

B. Pro-forma assumes no gift revenues.

C. Existing lease payments for off-campus programs (approx \$400,000) available.

D. State CEU support set to increase for GT.

Technology Square

EDI and CQG

- Building program/budget 36,429 GSF
 - Economic Development Institute
 - Center for Quality Growth and Regional Development
- Project budget \$9.7 m
 - 30-yr fixed rate tax-exempt callable bonds \$10.5 m
 - Annual debt service/MRR payment \$ 0.7 m

Technology Square

EDI and CQG

- GT annual lease funding sources:
 - EDI annual budget/revenues
 - Gifts
 - GT annual budget
- GT annual lease funding contingency:
 - Annual budget/reserves

EDI/CQG

Pro-Forma Extract (\$ in thousands)

<u>FY</u>	<u>Gifts</u>	Sources <u>EDI</u>	<u>GT</u>	Debt Service & MRR
2004	\$ 25	\$ 366	\$ 244	\$ 635
2005	35	421	274	730
2006	45	419	263	727
2008	45	421	264	730
2010	45	418	263	726
2015	45	419	263	727
2020	45	420	264	729
2032	45	418	263	727

Debt Service & MRR allocated on basis of square footage between EDI and CQG.

Technology Square

Parking Deck

→ Building program/project	498,098 GSF
→ Operated by GT Parking	
→ Parking spaces	1,553
→ Project budget	\$20.7 m
→ 30-yr fixed rate callable bonds	\$23.2 m
Tax-exempt	75 %
Taxable	25 %
→ Annual debt service/MRR payment	\$1.7 m

Technology Square

Parking Deck

- GT funding sources for annual lease:
 - Parking deck fees and revenues
- GT funding contingency for annual lease:
 - Parking system reserves

Technology Square

Parking Deck Pro-Forma (\$ in thousands)

<u>FY</u>	<u>Revenue</u>	<u>Oper. Exp.</u>	<u>Debt Service</u>	<u>MRR*</u>	<u>Net</u>
2004	\$ 2,072	\$ 311	\$ 1,421	\$ 103	\$ 237
2005	2,091	322	1,637	104	28
2006	2,111	333	1,635	105	38
2007	2,396	345	1,636	120	295
2008	2,418	357	1,636	122	303
2010	2,771	383	1,633	139	616
2015	3,270	456	1,632	164	1,018
2020	4,334	533	1,635	214	1,952
2032	7,789	649	1,631	390	5,119

* MRR calculated as 5% of revenue.

Parking System revenues in FY2000 totaled \$4.7 m (permits, meters, fines)

Technology Square

Georgia Tech Bookstore

- Building program/project 47,350 GSF
 - Operated by GT Auxiliary Services
 - Management contract with Barnes & Noble
- Project budget \$11.3 m
 - 20-yr fixed rate taxable callable bonds \$12.8 m
 - Annual debt service/MRR payment \$ 1.3 m

Technology Square

Georgia Tech Bookstore

- GT annual lease Auxiliary Services funding sources:
 - Barnes & Noble commission on sales
- GT annual lease funding contingency:
 - Auxiliary Services Bookstore reserves

Technology Square

Bookstore Management Contract Abstract

Term

8 years: July 1, 2001 - June 30, 2009
(one year with seven one-year renewals)

Services

Management of the Bookstore and Computer Store

GIT Commissions

8% of gross sales up to \$8 million

10% of gross sales from \$8-10 million

12% of gross sales from \$10-12 million

15% of gross sales over \$12 million

Technology Square

Bookstore Management Contract Abstract

(cont)

Capital Improvements

- GT will provide a complete retail building facility to Barnes & Noble, less floor coverings, top coat paint finishes, interior store signs, furniture, store fixtures, and computer/office equipment.
- GT will provide Barnes & Noble with a \$2 million allowance for interior finishes to include floor coverings, top coat paint finishes, interior store signs, furniture, and computer/office equipment. Should the cost of these items exceed \$2 million, Barnes & Noble will be responsible for the excess.

Georgia Tech Bookstore

Pro-Forma Extract (\$ in thousands)

<u>FY</u>	<u>Sales</u>	<u>Commission</u>	<u>Exp.</u>	<u>Debt Serv</u>	<u>MRR*</u>	<u>Net</u>
2000	\$ 15,382					
2001	14,200					
2002	13,708	\$ 1,059	\$ 115		\$ 53	\$ 891
2003	14,227	1,124	120		56	948
2004	15,441	1,298	125	\$ 1,096	65	12
2005	17,389	1,581	130	1,248	79	124
2006	18,052	1,671	135	1,246	84	206
2007	18,742	1,765	141	1,246	88	290
2008	19,458	1,862	146	1,248	93	375
2009	20,202	1,964	152	1,248	98	466

*MRR set aside is 5% of commission

Hardware sales declining from 2000; no commission on hardware sales.

Technology Square

Auxiliary Services Retail

- Building program/project 17,676 GSF
 - Operated/leased by GT Auxiliary Services
 - Retail mix plan in progress
 - 5 locations
- Project budget \$3.27 m
 - 20-yr fixed rate taxable callable bonds \$4.06 m
 - Annual debt service payments \$0.4 m

Auxiliary Services Retail

- GT funding sources for annual lease:
 - Retail service license fees
- GT funding contingency for annual lease:
 - Auxiliary Services retail reserve

Auxiliary Service Retail

Pro-Forma Extract (\$ in thousands)

<u>FY</u>	<u>Revenue</u>	<u>Vacancy Loss</u>	<u>Expenses</u>	<u>Debt Serv</u>	<u>MRR</u>	<u>Net</u>
2004	\$ 574	\$ 143	\$ 133	\$ 0	\$ 15	\$283
2005	578	29	136	355	18	40
2006	582	29	183	407	20	-57
2007	631	31	145	408	20	27
2008	635	32	149	405	20	29
2010	693	35	158	404	20	76
2015	771	38	239	409	20	65
2020	924	46	213	409	20	236
2022	1,008	50	226	404	20	308

Technology Square

Major Renewal and Replacement Program

- GT responsible for capital cost to maintain facilities.
- Common pool of funds to maintain major facility components.
- State support provided as part of annual budget process; HOWEVER
- MRR equal to 5% of annual debt service “invested” with GTFF annually.

Major Renewal & Replacement Program

(\$ in Millions)

FY	Balance A	Annual Payment + B	Investment Earnings + C	Projects Financed - D	Balance =
2004		\$ 0.46			\$ 0.46
2005	\$ 0.46	0.52	\$ 0.04		1.02
2006	1.02	0.52	0.08	(0.30)	1.32
2007	1.32	0.52	0.11	(0.30)	1.65
2008	1.65	0.52	0.13	(0.30)	2.00
2009	2.00	0.52	0.16	(0.50)	2.18

Technology Square

Hotel & Conference Center

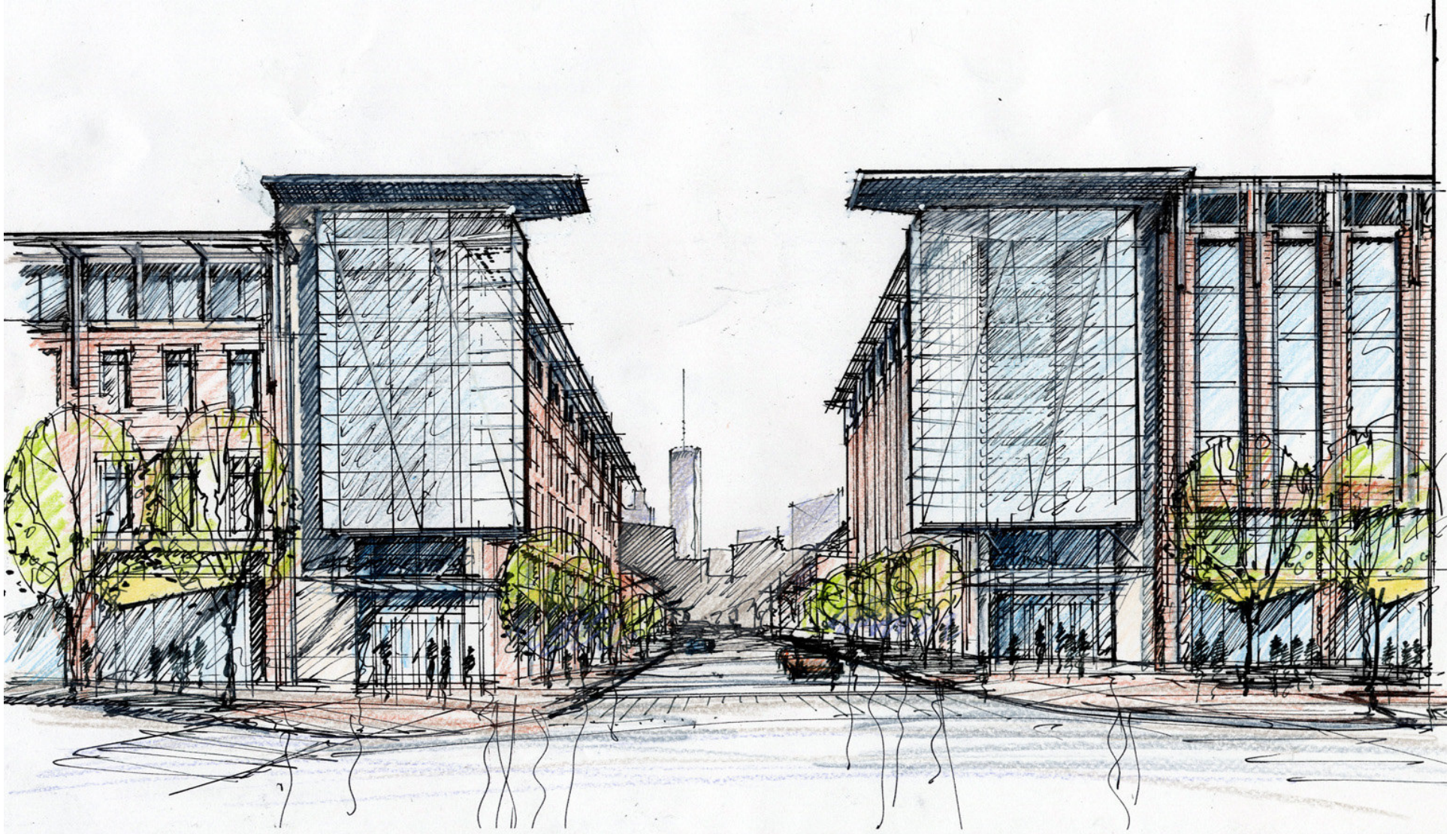
- Building program/project 207,141 GSF
 - 250 guestrooms & associated space 173,000 GSF
 - Conference Center meeting space 34,000 GSF
- Project budget \$44.7 m
- Owned by a GTFFC for-profit entity
- GT booking policy
- GT use commitment
- GT campus use policy statement

Technology Square

Hotel & Conference Center

- GT annual lease funding sources:
 - Lease payments from hotel operator
 - \$8.2 m lease guarantee from hotel operator
 - GT revenue guarantee
 - Incentive rent

Technology Square



Making a little more history

August 2003